Saskatchewan
Finance

Annual Report
2004-2005

Saskatchewan Watershed Authority Retirement Allowance Plan

Saskatchewan Centennial 2005

TABLE OF CONTENTS

Letters of Transmittal 2

Introduction 4

Enrollment 4

Benefits 4

Management's Report 5

Financial Statements

- Auditor's Report 8
- Statement of Net Assets Available for Benefits, Accrued Benefits Obligation and Surplus 9
- Statement of Changes in Net Assets Available for Benefits 10
- Statement of Changes in Accrued Benefits Obligation 11
- Notes to the Financial Statements 12

Saskatchewan
Finance

Her Honour, The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

Dear Madam:

Letter of Transmittal

I have the honour to transmit herewith the Annual Report of the Saskatchewan Watershed Authority Retirement Allowance Plan for the year ending March 31, 2005.

I have the honour to be, Madam,

Your obedient servant,

Harry Van Mulligen
Minister of Finance

Saskatchewan
Public Employees
Benefits Agency

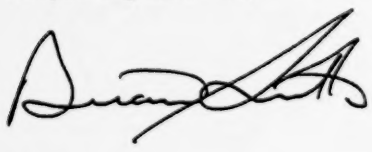
The Honourable Harry Van Mulligen
Minister of Finance
Regina, Saskatchewan

Sir:

Letter of Transmittal

On behalf of the Public Employees Benefits Agency, I have the honour to transmit herewith the Annual Report of the Saskatchewan Watershed Authority Retirement Allowance Plan for the year ending March 31, 2005.

Respectfully submitted,



Brian Smith
Executive Director

Saskatchewan Watershed Authority Retirement Allowance Plan

Introduction

The Saskatchewan Watershed Authority (the Authority) established the Saskatchewan Watershed Authority Retirement Allowance Plan (the Plan) for the purpose of providing certain retirement benefits to out-of-scope employees of the Authority.

The Plan is not registered as a pension plan under the *Income Tax Act (Canada)*. The Authority has not established a trust nor does it hold property for the specific purpose of providing benefits to the participants. Benefits are funded out of current operations of the Authority.

On November 16, 2004, an Order-in-Council designated the Plan as a benefit program to be operated, administered and managed by the Public Employees Benefits Agency (PEBA).

Enrollment

The Plan includes all out-of-scope employees of the Authority. As at March 31, 2005, there were 54 active members in the Plan.

Benefits

Members of the Plan retiring from the Authority, in accordance with the provisions of the pension plan they are enrolled in, are paid a retirement allowance of two (2) days pay for each year of service or portion thereof to a maximum of thirty-five (35) days pay. The retirement allowance is calculated at the employee's regular rate of pay at the date of retirement.

MANAGEMENT'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

As administrators of the Saskatchewan Watershed Authority Retirement Allowance Plan, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

We believe the Saskatchewan Watershed Authority Retirement Allowance Plan has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

We enclose the financial statements of the Saskatchewan Watershed Authority Retirement Allowance Plan for the year ended March 31, 2005 and the Provincial Auditor's report on these financial statements.

Brian Smith
Executive Director
Public Employees Benefits Agency

Kathy Morgan, Director
Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
June 3, 2005

SASKATCHEWAN WATERSHED AUTHORITY
RETIREMENT ALLOWANCE PLAN

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2005

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits, accrued benefits obligation and surplus of the Saskatchewan Watershed Authority Retirement Allowance Plan as at March 31, 2005 and the statements of changes in net assets available for benefits and changes in accrued benefits obligation for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued benefits obligation and surplus of the Plan as at March 31, 2005 and the changes in net assets available for benefits and changes in accrued benefits obligation for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 3, 2005

Fred Wendel, CMA, CA
Provincial Auditor

SASKATCHEWAN WATERSHED AUTHORITY
RETIREMENT ALLOWANCE PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS, ACCRUED BENEFITS OBLIGATION AND SURPLUS

STATEMENT 1

AS AT MARCH 31

	2005
Net assets available for benefits	
Saskatchewan Watershed Authority contribution receivable (Note 3)	$343,500
	$343,500
Accrued benefits obligation (Note 3)	$343,500
Surplus	$ -

(See accompanying notes to the financial statements)

SASKATCHEWAN WATERSHED AUTHORITY **STATEMENT 2**
RETIREMENT ALLOWANCE PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED MARCH 31

	2005
Increase in Assets	
Saskatchewan Watershed Authority contribution receivable (Note 3)	$ 35,300
Total increase in assets	35,300
Decrease in Assets	
Benefits paid	9,500
Total decrease in assets	9,500
Increase in net assets	25,800
NET ASSETS AVAILABLE FOR BENEFITS, beginning of the year	317,700
NET ASSETS AVAILABLE FOR BENEFITS, end of the year	$343,500

(See accompanying notes to the financial statements)

SASKATCHEWAN WATERSHED AUTHORITY
RETIREMENT ALLOWANCE PLAN
STATEMENT OF CHANGES IN ACCRUED BENEFITS OBLIGATION

STATEMENT 3

YEAR ENDED MARCH 31

	2005
Accrued benefits obligation, beginning of year	$317,700
Increase in accrued benefits obligation	
Benefits accrued	10,200
Interest on accrued benefits	13,500
Experience loss	13,300
	37,000
Decrease in accrued benefits obligation	
Benefits paid with interest	9,500
Change in assumptions	1,700
	11,200
Accrued benefits obligation, end of year	$343,500

(See accompanying notes to the financial statements)

SASKATCHEWAN WATERSHED AUTHORITY
RETIREMENT ALLOWANCE PLAN
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2005

1. Description of the Plan

The Saskatchewan Watershed Authority (the Authority) established the Saskatchewan Watershed Authority Retirement Allowance Plan (the Plan) for the purpose of providing certain retirement benefits to out-of-scope employees of the Authority.

The Plan is not registered as a pension plan under the *Income Tax Act (Canada)*. The Authority has not established a trust nor does it hold property for the specific purpose of providing benefits to the participants. Benefits are funded out of current operations of the Authority.

On November 16, 2004, an Order-in-Council designated the Plan as a benefit program to be operated, administered and managed by the Public Employees Benefits Agency (PEBA). An agreement has been established between PEBA and the Authority, which specifies the administrative services that the Authority will provide.

The following description is a summary only. For more complete information, reference should be made to the Plan document.

Eligibility
The plan includes all out-of-scope employees of the Authority. As at March 31, 2005, there were 54 active members in the plan.

Benefits
Employees retiring from the Authority, in accordance with the provisions of the pension plan they are enrolled in, are paid a retirement allowance of two (2) days pay for each year of service or portion thereof to a maximum of thirty-five (35) days pay. The retirement allowance is calculated at the employee's regular rate of pay at the date of retirement.

2. Significant Accounting Policies

These financial statements were prepared in accordance with Canadian generally accepted accounting principles.

3. Accrued Benefits Obligation

The accrued benefits obligation of the Plan is receivable from the Authority and will be funded by the Authority as eligible employees retire. The present value of the accrued benefits obligation was determined using the projected benefits method prorated on service and the best estimate assumptions of the Authority's management. Actuarial gains (losses) result from changes in actuarial assumptions and are recognized as an increase or decrease in the accrued benefits obligation in the statement of changes in accrued benefits obligation. Aon Consulting Inc. performed an actuarial valuation as at March 31, 2005 to determine the actuarial present value of the accrued benefits obligation.

The accrued benefits obligation is based on many assumptions about future events. Actual experience may vary significantly from the long-term assumptions used. The actuarial valuation is based on the following assumptions:

Discount rate, beginning of year	4.25%
Discount rate, end of year	4.50%
Salary increase	3.00%

The actuarial present value of the accrued benefits obligation is long-term in nature and there is no market for settling this obligation. Therefore, determination of the fair value is not practicable.

4. Related Parties

Included in these financial statements are transactions with the Authority who is related to the Plan by virtue of common control by the Government of Saskatchewan.

The Plan has received the use of office space and administrative services from the Authority at no charge. Additionally, PEBA provides administrative services to the Plan for an administration fee which is paid by the Authority.